

Approved For Release 2005/06/01 : CIA-RDP79T00975A028500010042-9

**Top Secret**

# **National Intelligence Bulletin**

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25X1

January 26, 1976

No. 678  
Approved For Release 2005/06/01 : CIA-RDP79T00975A028500010042-9

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# National Intelligence Bulletin

January 26, 1976

## CONTENTS

LEBANON: Peace commission in operation . . . . . 1

25X1

ITALY: Effort to form  
Christian Democratic minority cabinet . . . . . 6

PORTUGAL: Negotiations  
on new political pact . . . . . 7

POLAND: Creation of  
domestic market council . . . . . 8

25X1

CIEC: Economic talks begin  
between rich and poor states . . . . . 11

25X1

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25X1

## National Intelligence Bulletin

January 26, 1976

### LEBANON

The cease-fire was marred over the weekend by only minor skirmishes that were easily contained by the Syrian-Lebanese-Palestinian peace commission established last week to enforce the truce.

The commission was granted virtually unrestricted policing authority on Saturday, following an agreement between Muslim and Christian leaders worked out by Syrian Foreign Minister Khaddam. It was also decided that subcommittees of the commission are to be established throughout the country. These will include a Syrian and a Lebanese officer, plus either a Palestinian or Christian representative, depending on the dominant faction in each subcommittee's jurisdiction.

In an apparent effort to ease Christian concern that this arrangement could favor the Muslims, Damascus has sent a group of 60 Syrian officers including 30 Christians to serve on the subcommittees.

Khaddam met with President Franjiyah, Prime Minister Karami, and several Christian leaders yesterday, apparently to iron out other matters relating to the implementation of the cease-fire. After consulting with Syrian President Asad, Franjiyah reportedly decided that Khaddam should extend his stay in Beirut. A meeting between Franjiyah and Asad apparently will await a more confident reading of the cease-fire.

Syria's role in the truce agreement has drawn some sharp accusations from the Egyptian media that almost certainly reflect official Egyptian suspicion of Syria's motives. The most explicit statement of this uneasiness appeared in the authoritative newspaper *Al-Ahram*, which charged that Damascus, prodded by the Soviets, had prolonged the Lebanese crisis in order to gain greater control over both Lebanon and the PLO.

Much of the media commentary may be little more than a venting of Cairo's frustration over being excluded from Syria's mediation efforts. There is a tone of genuine surprise and suspicion, however, over Syria's quick success last week in gaining a settlement that only weeks ago seemed totally elusive.

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Approved For Release 2005/06/01 : CIA-RDP79T00975A028500010042-9

Next 3 Page(s) In Document Exempt

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## National Intelligence Bulletin

January 26, 1976

### ITALY

Prime Minister designate Aldo Moro began consultations last night to try to form an all - Christian Democratic minority cabinet and thereby avoid early general elections. The move is seen as a stopgap measure to give Italy a government to deal with its current monetary crisis and carry on until major party congresses are held in February and March.

Over the weekend Moro was unable to get the center-left parties to agree to either of two coalition proposals. The Socialist Party on Saturday turned down Moro's offer of a coalition with the Christian Democrats and the Republicans, while Moro's next idea foundered on the opposition of the Republicans. They turned down his proposal for a minority coalition of Christian Democrats, Social Democrats, and Republicans, evidently because of the sharp differences between themselves and the Socialists on economic policy and the less than enthusiastic reception reportedly given the idea by the Socialists.

Moro does not have many options left. In trying for a one-party cabinet, he will probably try to get an agreement from the other parties to support it by agreeing to certain emergency economic measures. If this does not succeed, Moro may call for a confidence vote in parliament on his outgoing cabinet and its economic program. The Socialists are concerned that this would put them in the position of having to accept either the humiliation of supporting a government they have condemned or the public responsibility for moving the country a step closer to early parliamentary elections.

The Christian Democrats are debating the pros and cons of early elections. Most Christian Democrats acknowledge that their party's vote-getting machinery is not ready for an election campaign. On the other hand, the Christian Democratic national leaders are more united than they have been since last summer, when the Communists' sharp gains in local elections left the Christian Democrats deeply divided over party strategy. Many Christian Democrats argue that if an effective government cannot be put together soon, the party only stands to lose more ground to the Communists by letting the elections take place as scheduled next year.

The Socialists hinted again over the weekend that they would be more flexible if the Christian Democrats advanced someone other than Moro to be prime minister. One influential Socialist leader reportedly favors a government headed by Budget Minister Andreotti.

The Christian Democrats have so far shown no inclination to replace Moro. A decision to stick with him would probably signal increased willingness on the part of the Christian Democrats to run the risk of an early election.

## National Intelligence Bulletin

January 26, 1976

### PORUGAL

Direct negotiations began last week on a new political pact between the Portuguese military and civilian parties over the role each will play in a revised government. The draft agreement presented by the military has already come under sharp attack from democratic party leaders for retaining too much power in the hands of the all-military Revolutionary Council.

The Socialists, who polled the most votes in the election last April, held their first round of talks with military representatives last Wednesday; the talks continued over the weekend. The pace of negotiations will have to pick up, however, if the constituent assembly is to complete its work in time to comply with the council's promise to hold elections by April 25.

While the military proposal appears to be unacceptable to the parties in its present form, it is significantly different from the agreement signed last April that assured the military virtual control of Portuguese politics for three to five years. The revised version, for instance, calls for the direct election of the president and for the elimination of the armed forces general assembly, which would have been in direct competition with the elected legislative assembly.

The Socialists, Popular Democratic, and Social Democratic Center parties hope to restrict the council to an advisory role. They have already signaled their intention to reject the military's proposals that the council be granted the power to:

- veto presidential nominations for prime minister;
- rule on all constitutional questions before the courts and on constitutional amendments;
- veto bills passed by the legislative assembly dealing with general economic, social, financial, foreign, or defense policy.

The Communists and their allies, on the other hand, want the armed forces to retain the upper hand in the Lisbon government, in the belief that Communist influence continues to be greater in the armed forces than among civilians.

The armed forces' draft reportedly is the work of Foreign Minister Melo Antunes, who is the leading proponent of a continuing major role in government for the military. The so-called operational group in the Revolutionary Council claims the pact was not formally approved, and the "operacionals" and civilian politicians may now work together to make substantial changes in the draft and at the same time limit the influence of the politically oriented officers like Antunes.

## National Intelligence Bulletin

January 26, 1976

### POLAND

The creation last week of a domestic market council is Warsaw's latest effort to cope with potentially disruptive problems in the economy. Party chief Gierek is anxious to prevent repetition of the public unrest caused last fall by shortages of meat and milk products and by widespread rumors of imminent price rises.

The council will probably play a major role in setting policy on the sensitive issue of increasing the prices of basic food items. Its stated purpose is to study and advise the government on questions involving income and expenditure balances, quantity and quality of planned consumer goods supplies, and the needs of domestic trade. The council apparently will also monitor efforts to modernize productive and manufacturing capacity and will seek to improve cooperation among Poland's industrial and commercial organizations.

The council will be chaired by Deputy Premier Tadeusz Pyka, a Gierek protege, and will include the minister of domestic trade and services and several other high government officials. As council chairman, Pyka has thus been given responsibility for dealing with the most politically charged problems facing the Polish leadership. It will be no easy task to coordinate the activities of the many governmental agencies responsible for market supplies.

If Pyka is reasonably successful in his new job, he will be a prime candidate to succeed Premier Jaroszewicz.

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Next 1 Page(s) In Document Exempt

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## National Intelligence Bulletin

January 26, 1976

### CIEC

The economic talks between rich and poor states resume today. The co-chairmen of the Conference on International Economic Cooperation and the co-chairmen of the conference's four commissions will be trying to eliminate final obstacles so that commission meetings can begin on February 11 in Paris. Success may depend on Algeria's willingness to make some concessions.

The conference was officially inaugurated last month in Paris at a ministerial-level meeting among 19 developing countries—seven of them oil-exporters—and seven industrialized countries plus the EC. Under the conference, commissions were established to discuss energy, trade in raw materials, the problems of economic development, and financial aspects of the first three points.

The oil-exporting states have control of four of the five co-chairmanships held by the developing states. The developing states, who feel that their views may be overlooked in meetings such as Monday's among the co-chairmen, have campaigned to require close consultations among all developing countries participating in the conference.

The co-chairmen's meeting was called when the ministerial meeting last month threatened to break down over the question of agendas for the commissions. Supported, in some cases reluctantly, by the other developing states, Algeria demanded that specific agendas for each of the commissions be drawn up and related to the work of the other commissions. The US and the other industrialized states insisted that each commission set its own program, although within previously agreed guidelines.

The developing countries met in early January to coordinate their policies. Unable to agree on agendas, they decided to present all-inclusive lists of their demands. If the developing states decide to present these lists as commission agendas, rather than as a summation of the developing countries' views, the meeting will be headed for an impasse. Algeria, at this point, seems intent on presenting the lists.

The question of what to discuss has been at the heart of the difficulties experienced at the two preparatory meetings for the conference as well as at the December ministerial meeting. While there is no evidence to suggest that Algeria is willing to make concessions, it has been under some pressure from less radical developing states to moderate its demands.

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## CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION

*(Co-Chairmen)*  
Canada and Venezuela

<u>Energy Commission</u>		<u>Raw Materials Commission</u>	
<i>Co-Chairmen</i>		<i>Co-Chairmen</i>	
US	*Saudi Arabia	Japan	Peru
Members		Members	
EC	*Algeria	US	Argentina
Japan	Brazil	EC	Cameroon
Canada	Egypt	Spain	*Indonesia
Switzerland	India	Australia	Mexico
	*Iran		*Nigeria
	*Iraq		*Venezuela
	Jamaica		Yugoslavia
	*Venezuela		Zaire
	Zaire		Zambia
<u>Development Commission</u>		<u>Finance Commission</u>	
<i>Co-Chairmen</i>		<i>Co-Chairmen</i>	
EC	*Algeria	EC	* Iran
Members		Members	
US	Argentina	US	Brazil
Japan	Cameroon	Japan	Egypt
Canada	India	Sweden	India
Sweden	Jamaica	Switzerland	*Indonesia
	*Nigeria		*Iraq
	Pakistan		Mexico
	Peru		Pakistan
	Yugoslavia		*Saudi Arabia
	Zaire		Zambia

\*OPEC members

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The industrialized countries, meanwhile, agree with the US that commission agendas should remain the business of each commission, but some would probably be willing to go quite far toward accepting the developing countries' lists to avoid an impasse. They will draw the line if the Algerians demand that the lists be unconditionally accepted. The industrialized states also support the US in seeking short meetings of the working commissions at intervals of four to six weeks; the developing countries reportedly want long meetings, perhaps in hope of securing more rapid progress.

The issue of how to coordinate policy among the developed countries may be emerging as a source of friction. The EC is resisting efforts of other industrialized states to formulate strategies for the working commissions in the Organization for Economic Cooperation and Development. EC Commission and member-state officials have argued that the time needed to reach community positions precludes the possibility of coordinating positions within the OECD. The Nine's reservation about working in the OECD framework also reflects a desire to preserve a distinct community profile in the dialogue with the developing countries. The EC concedes, however, the need to keep OECD members not participating in the conference informed.

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